

AMENDED IN SENATE APRIL 18, 2006

SENATE BILL

No. 1833

Introduced by Senator Kehoe

February 24, 2006

An act to repeal Section 390 of the Public Utilities Code, relating to electrical restructuring.

LEGISLATIVE COUNSEL'S DIGEST

SB 1833, as amended, Kehoe. Electrical restructuring: energy prices paid to nonutility generators.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. The existing restructuring of the electrical industry within the Public Utilities Act provides for the establishment of an independent Power Exchange as a nonprofit public benefit corporation. Existing law, enacted as part of restructuring, prescribes how energy prices paid to nonutility power generators (qualifying facilities) by an electrical corporation based on the commission's "short run avoided cost energy methodology" are to be determined, subject to applicable contractual terms. One of the existing determinants of the price to be paid by electrical corporations to qualifying facilities is the clearing price paid by the Power Exchange. Until this determinant is satisfied, existing law requires the commission to base short run avoided cost energy payments paid to qualifying facilities on a formula that reflects a starting energy price, adjusted monthly to reflect changes in a starting gas index price in relation to an average of current California natural gas border price indices.

This bill would ~~repeal the~~ *state the intent of the Legislature to review, and to enact legislation relative to, the* above-described

requirements for how the commission is to determine the energy prices paid to qualifying facilities by an electrical corporation.

Vote: majority. Appropriation: no. Fiscal committee: ~~yes~~ no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 *SECTION 1. It is the intent of the Legislature to review*
- 2 *Section 390 of the Public Utilities Code and to enact legislation*
- 3 *prescribing how energy prices are paid to nonutility generators*
- 4 *of electricity known as qualifying facilities.*
- 5 ~~SECTION 1. Section 390 of the Public Utilities Code is~~
- 6 ~~repealed.~~